

EXHIBIT S



To: File
From: Stephanie Di Clemente
Manager, Employee Relations & Org. Development
Date: September 2, 2004
Re: Notes of meeting with Ester Lorusso & Francesco Gallo

On September 2, 2004, Francesco Gallo (Sr. VP, Corporate Affairs) and I met with Ester Lorusso (Director of Marketing Communications) in reference to claims made against Giulio Libutti (Sr. Vice President) of gender discrimination.

F.G.: Ester, Andrea and I had planned to meet with you together regarding your letter. As you know Andrea is not feeling well and it's important to start the process of investigation due to your complaint.

We would like to conclude this investigation in a timely manner, within the next few days.

Ester, you are a director at Alitalia, you've been contributing to this company for a very long time in quantity and quality of work. Alitalia and myself have a great deal of appreciation and gratitude for what you've done.

I want you to feel comfortable discussing your feelings with us, as you know, since you've been an officer of this Company, that it is our duty and responsibility to manage our #1 asset which is our employees. Alitalia doesn't condone any form of discrimination whatsoever and we don't condone any retaliation for bringing up a complaint.

We have to work together, do not feel in any way that what you're doing is against Alitalia. IF you have any questions during this process feel free to ask, nothing you say will be held against you. By bringing these concerns up to the Company, we have the opportunity to correct any issues if they exist.

What's the problem, I understand that there's another letter addressed to Sciarresi and Libutti that was read to me over the phone, that you felt the need to contact an external party, an attorney. You requested if you're attorney could participate to our investigation. Unfortunately, the answer is no. We have two alternatives, the first alternative is to have our attorneys communicate on our behalf or the second is to continue with our investigation internally as per our policy.

Do you want to continue with the process internally or externally?

E.L.: I'm comfortable continuing amongst ourselves.

F.G.: Please start with whatever is in your heart that makes you bring this complaint of discrimination. On behalf of Alitalia, there was never any intention to dismiss you as Alitalia by promoting you to the position of Managing Director at GA 2000.

E.L.: As you mentioned to get to this point to speak to HR, partly due to a series of events which led to the culmination of this offer as Managing Director of GA 2000, which I see as a transfer rather than a promotion. An offer would've meant that I expressed interest in that position. Since I mentioned that I wasn't interested in the position, Giulio Libutti kept asking me to think about it. Then, I received a letter saying Congratulations on your promotion, but I never expressed interest in being transferred to GA 2000.

F.G.: Probably Giulio Libutti was trying to convey the gratitude of the quality of work you provided and looked to you as a candidate for that position. Probably something went wrong in the communication process. Promotions within the Company are made by management appointment by recognizing certain capabilities. Probably it was the way it was handled but I'm sure it was done in good faith. If the Company has an employee that is the right candidate for the position. Why would we offer the position with the intention to fire the person?

Higher positions, as you know, are not done by internal postings but are by appointment after reviewing the skills, capability, and qualities. The position at GA 2000 was offered to you and is still on the table. It is a result of your performance and we know you would give your best to this position. This doesn't mean that if Ester Lorusso doesn't like this position that she's not a good employee. Alitalia will know that Ester Lorusso is not eager to move to other positions in the future and that we will be more careful with our choices.

E.L.: Let's talk about the offer, which at first was communicated verbally. I consider that the way it was communicated it as a threat by saying that did you know that Paolo Rubino is no longer with the Company. Paolo is a senior officer in Marketing at the head office. It was as if this is directly related to this comment.

He gets into the position at GA 2000. It's not a position at Alitalia, they deal with consolidators for Alitalia. In my career path I have never had any experience with this area. I don't consider it a promotion, the position is not with Alitalia, it's with GA 2000. I mentioned to Giulio Libutti that in the market I prefer to be known as Marketing Director for a major airline like Alitalia rather than as a Managing Director of a travel agency. I have no problem accepting greater responsibility. I do not consider going to GA a promotion.

F.G.: Then, I'm getting the impression that you believe that this promotion is just to move you around.

E.L.: Absolutely.

F.G.: What else?

E.L.: Giulio Libutti started to fire off nasty emails to me. There was an email involving an issue that seemed like Marcelo Grimaldi saved the day, putting myself in a negative light. I have the emails as proof.

F.G.: You mention other items in your letter....

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E.L.: The planning of the symposium was given to Tim O'Neill and his staff this year without an explanation.

F.G.: There was no explanation?

E.L.: The planning of off-site sales meetings has always been my responsibility. This year it was planned by Tim O'Neill and his staff who are inexperienced where I have someone on my staff that has experience planning events for the Company. Betty has also suffered, but I counselled her and told her that we should move on and focus on the tasks at hand. I'm a team player. As you see also from my job description, the planning of these events is included.

F.G.: Does this bother you?

E.L.: Why are my responsibilities being taken from my and given to someone else. If it's systematic then I don't have anything else to do.

F.G.: I'm sure the offer was made to you in good faith, and not to discriminate against you or de - motivate you.

Did they seek your help for the planning of the meeting?

E.L.: They gave the planning to Grace Di Franco.

There's also that they wanted to reclassify Tim and Director of Sales & Marketing, but after I brought up the conflict with my own responsibility as Director of Marketing they changed his title to Director of Sales Alliances. This tells me that they wanted to give Tim the position of Marketing. Also, if his title is Alliances then he should be focused on Sales and not on marketing responsibilities.

F.G.: We will check and correct if necessary.

E.L.: I also spoke to Libutti about the Barter issue. I explained that I used to manage the barter with vendors in the past on my own. I was told that we have to be careful with our costs and that I had to go through him every time for approval. The barter has nothing to do with cash.

He probably just wanted to be kept informed.

We have to help him since he's new in this market. When you change markets there's a different way to approach situations in an organization. What I'm trying to say is that I want to exclude that his actions were in bad faith.

E.L.: He's been here over year already, had he said these things upon his arrival I wouldn't think this.

F.G.: What about the newsletter?

E.L.: In a meeting where I wasn't present, Giulio Libutti asked that each sales unit develop their own newsletter for the channel. They put together their own newsletters to send out.

F.G.: Coordinating with You?

E.L.: No.

F.G.: Different formats to each channel?

E.L.: Yes

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F.G.: Did you speak with him?

E.L.: Yes, after I spoke to each unit to forward it to us for review before sending it out. Then we came up with a format for all channels.

F.G.: Anything else not mentioned in this letter?

E.L.: I should mention that before this, it's been a little over two years since Khursheed Palkhiwala not in the Company and I feel that I've been placed in a position to constantly defend myself, starting from the John Gardini situation a couple of years ago. Then there was the questionable performance review made by Paolo Pausini. It's a culmination of these series of events.

I consider myself to be level headed. I love this Company and want to continue working here.

But, I feel discriminated against.

What if I tell you that this is not the case and it's just a bad feeling you have.

E.L.: you know, on top of this I'm the least paid out of all the male directors.

F.G.: We will continue and investigate.

E.L.: This info was given to my by Giulio Libutti himself.

F.G.: If there are any discrepancies we will correct it and we will investigate.

Anything else?

E.L.: Not at this time. If there's anything else I'll let you know.

F.G.: I would like you as a result of this meeting, to continue to love this Company and continue to contribute as you always have to this Company's success. It seems that the we have to spend some time now with Giulio Libutti. Are there any other witnesses that you would like us to speak with?

E.L.: At this time, No.

F.G.: Let me speak about Giulio Libutti. He's a good man, an officer of this Company. He has been in quite a few locations with Alitalia around the world. We have to give him the benefit of the doubt. I don't see any problem talking to Giulio Libutti and making him aware of the peculiarities of this market. He's a man who needs our support and understanding. As long as he's here in the Company we need to give him our best. I know you will and I know that you wouldn't do anything to harm the Company.

From now on I want you to smile and be at peace with yourself.

You should be proud of what you've contributed to this Company.

E.L.: I am. My boss should be also.

F.G.: He will be.

You might want to inform your external attorney of this meeting and what transpired.

End of meeting.

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